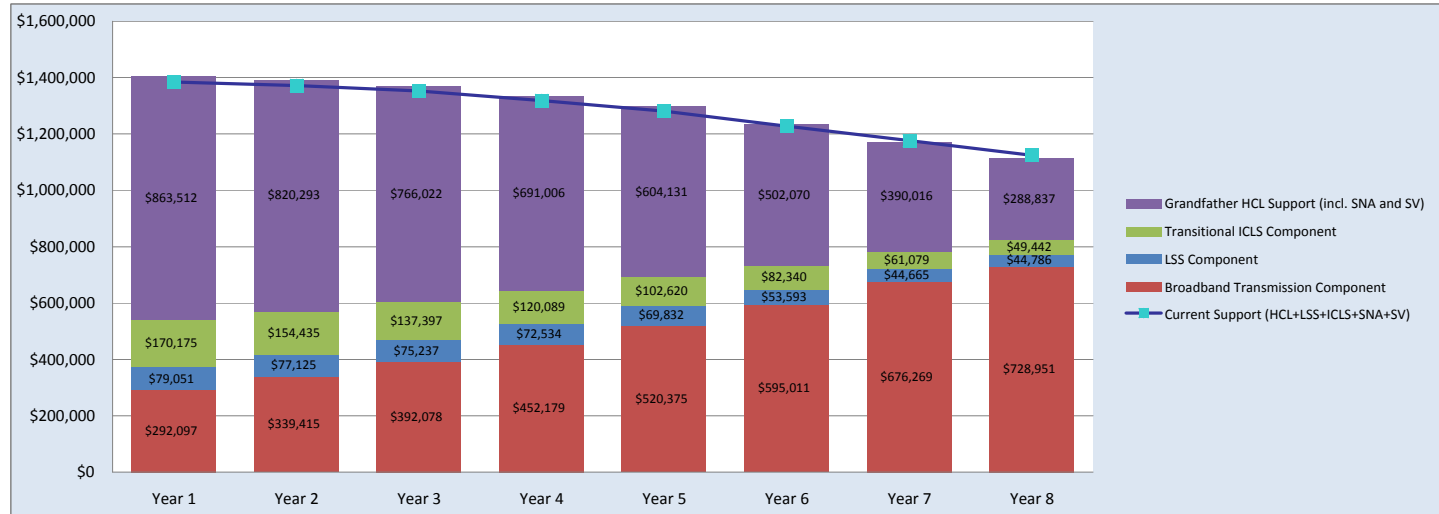


**Analysis of USF Impact Proposed RLEC Plan  
ILEC Company A**



Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
1.) Projected USF Support Under Proposed Plan	\$1,404,835	\$1,391,267	\$1,370,733	\$1,335,807	\$1,296,959	\$1,233,014	\$1,172,028	\$1,112,016
2.) USF Support as of Year 1 Under Current Rules	\$1,384,026	\$1,384,026	\$1,384,026	\$1,384,026	\$1,384,026	\$1,384,026	\$1,384,026	\$1,384,026
3.) Impact over Year 1 USF Support (Ln 1 - Ln 2)	\$20,810	\$7,242	(\$13,292)	(\$48,218)	(\$87,067)	(\$151,011)	(\$211,997)	(\$272,009)
Percent Change in USF Compared to Year 1:	1%	1%	-1%	-4%	-7%	-12%	-18%	-24%
4.) Projected USF Support Under Proposed Plan	\$1,404,835	\$1,391,267	\$1,370,733	\$1,335,807	\$1,296,959	\$1,233,014	\$1,172,028	\$1,112,016
5.) Projected USF Support Under Current Rules	\$1,384,026	\$1,371,204	\$1,352,287	\$1,318,200	\$1,280,441	\$1,227,808	\$1,176,916	\$1,123,908
6.) Impact on USF (Ln 4 - Ln 5)	\$20,810	\$20,064	\$18,446	\$17,607	\$16,517	\$5,207	(\$4,888)	(\$11,892)
Percent Change in USF:	2%	1%	1%	1%	1%	0%	0%	-1%
7.) Major Components Impacting Change in USF:								
a.) Middle Mile Component	\$4,806	\$5,062	\$5,319	\$5,575	\$5,831	\$6,152	\$6,472	\$6,600
b.) Broadband Interoffice Cost	\$90,025	\$88,941	\$86,952	\$84,900	\$82,890	\$71,730	\$62,391	\$55,037
c.) Phase in of Broadband Loop Cost	\$29,991	\$67,977	\$113,561	\$166,890	\$228,320	\$303,061	\$385,559	\$449,960
c.) Effect of 10% Rate of Return	(\$63,091)	(\$59,822)	(\$56,129)	(\$51,224)	(\$46,198)	(\$41,366)	(\$36,617)	(\$31,886)
d.) Corporate Operations Expense Limitation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
e.) Broadband Benchmark	(\$40,921)	(\$82,096)	(\$131,256)	(\$188,533)	(\$254,326)	(\$334,370)	(\$422,693)	(\$491,602)
Total Change	\$20,810	\$20,064	\$18,446	\$17,607	\$16,517	\$5,207	(\$4,888)	(\$11,892)
8.) Projected Broadband Take Rates:	52.82%	56.83%	61.03%	65.41%	70.00%	75.59%	81.45%	84.43%